

October 13, 2010

ITEM NO. B9

**RECOMMENDATION TO ENTER INTO NEGOTIATIONS AND CONTRACT WITH
CVR & ASSOCIATES, INC. AND NAN MCKAY & ASSOCIATES FOR
PROGRAM ADMINISTRATION AND OPERATION OF PORTIONS OF
THE HOUSING CHOICE VOUCHER PROGRAM**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners (“Board”) authorize the Chief Executive Officer or his designee to negotiate and enter into contracts with CVR Associates, Inc. (CVR) and Nan McKay & Associates (NMA) for the administration and operation of portions of the Chicago Housing Authority’s Housing Choice Voucher and Moderate Rehabilitation Programs (collectively, the “Programs”) for an aggregate amount not to exceed \$29,860,708 over a two year period.

FUNDING
General Fund

Vendors:

CVR Associates, Inc.
5400 Laurel Springs Parkway, Suite 201
Suwanee, GA 30024

Nan McKay & Associates, Inc.
1855 Gillespie Way
El Cajon, CA 92020

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| Date Advertised: | 8/04/2010 |
| Pre-Proposal Conference: | 8/18/2010 |
| Addendum No.1 Issued: | 8/12/2010 |
| Addendum No. 2 Issued: | 8/31/2010 |
| Proposals Due: | 9/10/2010 |
| Proposals Received: | (12) Twelve |
| Advertisement Publications: | PHADA, CLPHA, NAHRO, NIGP Sun Times, El Dia, Chicago Defender Firm Fixed Rate |
| Type: | |
| Contract Periods: | January 1, 2011 to December 31, 2012 |
| Option Period: | N/A |
| Specification No.: | 10-00582 |
| Aggregate Contract Amount: | \$29,860,708 |
| Number of Vendors Solicited: | 145 (37 Minority Firms) |
| Assist Agencies: | 61 |
| Number of Pick Ups: | 64 (20 Minority Firms) |

CVR Associates, Inc.

M/W/DBE Participation:

Direct % MBE 100 % WBE % DBE

Indirect % MBE % WBE % DBE

Waiver

Section 3:

14 (#) Hiring (\$) Subcontracting (\$) Other Economic Opportunities

Nan McKay & Associates, Inc

M/W/DBE Participation:

Direct % MBE 100 % WBE % DBE

Indirect % MBE % WBE % DBE

Waiver

Section 3:

9 (#) Hiring (\$) Subcontracting (\$) Other Economic Opportunities

GENERAL BACKGROUND

In 2008, in an effort to promote increased competition and improved services, the CHA bifurcated the administration and operation of the Housing Choice Voucher Program between two contractors: Quadel Consulting Corporation (Quadel) and CVR Associates, Inc. (CVR). The term of the contract is for two years with an option to extend for an additional two year period. The original term of the contracts will expire in December 2010. The CHA will extend the services awarded to CVR (HCV Southwest Satellite Office; HCV Inspections; and Call Center) for an additional two years pursuant to the contract option. The CHA determined that it would be in the best interest of the HCV program if the services currently provided by Quadel were solicited through a competitive Request for Proposal (RFP) rather than by exercising the option term available in Quadel's contract.

The HCV Department desires to continue to foster competition and improve customer service and has issued a Request for Proposal which covers the following seven areas of service: 1) Waitlist & Admissions; 2) HCV Satellite Office South; 3) HCV Satellite Office Central; 4) HCV Satellite Office West; 5) Landlord Services; 6) Project Based and Moderate Rehabilitation Programs; and 7) Special Initiative Consulting.

PROCUREMENT HISTORY

In August 2010, the Chicago Housing Authority (CHA) issued Request for Proposal No. 10-00582 ("the RFP") to solicit firms to administer and operate portions of the CHA Housing Choice Voucher and Moderate Rehabilitation Programs. CHA advertised the RFP in the Chicago Sun Times, El DIA, and the Chicago Defender. Solicitation notice was placed on Buy Speed, the Public Housing Authorities Directors Association ("PHADA") website, the Council of Large Public Housing Authorities ("CLPHA") website, the Chicago Housing Authority ("CHA") website, the National Institute of Government Purchasing ("NIGP") website, and the National Association of Housing and Redevelopment Officials ("NAHRO") website. The CHA

solicited one-hundred-forty-five (145) Vendors of which thirty-seven (37) were minority firms. In total, sixty-four (64) vendors picked up the solicitation of which twenty (20) were minority. A pre-proposal conference was held at CHA on Wednesday, August 18, 2010. The CHA issued Addendum No.1 to provide additional detail on the Fee Proposal on Thursday, August 12, 2010. Addendum No. 2 to respond to written questions submitted by potential respondents was issued on Tuesday, August 31, 2010. On the Proposal due date Friday, September 10, 2010, the CHA received twelve (12) written proposals; one of which was deemed non-responsible. The Respondents to the RFP were: MD Strum Housing Services, Phoenix Solutions Management Group, The Habitat Company, Applied Real Estate Analysis, Smart, MRF, Metropolitan Voucher Partners, The Los Angeles LOMOD Corporation, Thomas & Herbert Consulting, Nan McKay & Associates, VLV Development, and CVR Associates, Inc.

An Evaluation Committee was established with representatives from: Division of Finance, Information Technology Services, Mixed Finance Portfolio, Resident Services and Housing Choice Voucher Program. The Committee evaluated the written proposals for each Respondent in each area of service responded to, excluding Special Initiative Consulting (this service area is not included in this Recommendation). The Department of Procurement established a “Competitive Range” for each service area: Wait List and Admissions = 76 and above; HCV South Satellite Offices = 77 and above; HCV West Satellite Offices = 77 and above; HCV Central Satellite Offices = 78 and above; Landlord Services = 75 and above; PBV and Mod Rehab = 73 and above; and Special Initiative Consulting was not evaluated.

Based on the competitive ranges, three firms were invited to make an oral presentation to the Evaluation Committee in the area of Wait List; HCV Satellite Offices; Landlord Services and; PBV Mod Rehab. A fourth firm was invited to make presentations to PBV and Mod Rehab only. Prepared questions requesting general information as well as additional information specific to each proposal were provided to the four firms: Thomas & Herbert; Nan McKay & Associates, LA LOMOD; and CVR Associates. Each firm brought their management team and subcontractors to the CHA between September 29th and 30th for their presentations averaging 2.5 hours each.

The Evaluation Committee provided the Department of Procurement evaluation scores for each firm in each area of service in which they presented. The CHA then began the process of contacting the two highest scoring firms identified as providing the highest quality response and personnel for the administration and operation of the Housing Choice Voucher Program to begin negotiations of the Best and Final Offers. Upon further consideration of each Respondent following the presentations and discussions, the HCV Dept. concluded that CVR and NMA provide the best overall combination of industry expertise, experienced management personnel, program approach and cost.

The CHA recommends adding an additional Satellite Office to CVR's current portfolio as well as to consolidate Landlord Services under their direct operations. CVR is a minority business enterprise certified company specializing in consulting and operational services in the affordable housing industry. CVR presented a strong written proposal and responded to the CHA's oral interview to clearly articulate their approach to program management and improvement. CVR's strength has been a strong partnership with community groups to address issues related to

program enforcement of landlord and participant responsibilities. CVR also proposes a strong management team to oversee the expansion of their existing portfolio.

The CHA recommends award of Wait List and Admissions; PBV and Mod Rehab; West and Central Satellite Offices to NMA. NMA was selected by the Evaluation Team based on the quality of Approach and Work Plans, qualifications, experience, past performance, oral interview, and the credentials of the on-site team presented to lead the efforts. All the proposed managers have either led high performing agency's in their career or have successfully led troubled or standard performing HCV programs to recognized high performers within a matter of years. Along with this dynamic leadership, one of the organization's strengths is the depth of knowledge of not only current HUD rules and regulations, but also on the industry leading practices that may become the standard of every high performing HCV program in the future. NMA is a large and long standing organization with over thirty (30) years in the affordable housing and is a nationally recognized leader in training and consulting services. NMA has also recently been awarded a contract with HUD, as subcontractor to another firm, to provide HCV Business Process Improvement and Re-engineering for the HCV program nationwide that may ultimately benefit CHA's HCV Program.

Based on the foregoing, it is in the best interest of the CHA to negotiate and enter into contract with CVR Associates, Inc. and Nan McKay & Associates in an aggregate amount not to exceed \$29,860,708 for a two year base period.

RESOLUTION NO. 2010-CHA-132

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated October 13, 2010, entitled, “**RECOMMENDATION TO ENTER INTO NEGOTIATIONS AND CONTRACT WITH CVR & ASSOCIATES, INC. AND NAN MCKAY & ASSOCIATES FOR PROGRAM ADMINISTRATION AND OPERATION OF PORTIONS OF THE HOUSING CHOICE VOUCHER PROGRAM**”.

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to negotiate and execute contracts with CVR and NMA for the administration and operation of the Housing Choice Voucher and Moderate Rehabilitation Program in an aggregate amount not-to-exceed \$29,860,708 for a two year period.

This award is subject to the firm’s compliance with CHA’s MBE/WBE/DBE, Section 3 resident hiring, and bonding and insurance requirements.

